



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN HARSCO CORPORATION'S ACQUISITION OF RAILROAD MAINTENANCE ASSETS

Harsco to Divest Pandrol's Switch and Crossing, and Transit Grinder Assets

WASHINGTON, D.C. -- The Department of Justice today announced that it would require Harsco Corporation to sell machinery and services used in railroad maintenance to resolve competitive concerns over Harsco's \$89 million acquisition certain of assets of Pandrol Jackson Inc. and Pandrol Jackson Limited. The Department said the deal, as originally proposed, would have been anticompetitive, resulting in higher prices and lower quality for these products and services.

The Department's antitrust lawsuit and proposed consent decree were filed today in federal court in Washington, D.C. The consent decree, if approved by the Court, would resolve the suit.

According to the complaint, the proposed merger would have substantially lessened competition, since Harsco and Pandrol are the only two manufacturers of switch and crossing and transit grinding equipment and the only two providers of railroad switch and crossing grinding services in North America. Switch and crossing grinders and transit grinders are machines designed to restore the tracks of railroads and transit systems to their original shapes and are used to repair deformations caused by the rubbing of train wheels on rails used in railroad track switches, railroad track crossings, and transit systems.

"Without this divestiture, railroads and transit systems would have had only one choice for this type of railroad maintenance equipment and services," said Joel I. Klein, Assistant

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Attorney General in charge of the Antitrust Division. "The divestiture will ensure that railroads and transit systems continue to have the benefits of competition for these products."

Under the consent decree, Harsco must divest the Pandrol switch and crossing and transit grinding assets within 30 days of the filing of the Department's lawsuit. The Department may grant Harsco an additional 30 days within which to accomplish the divestiture, but if such divestiture is not accomplished by Harsco, a trustee selected by the Department will be appointed to sell the Pandrol assets.

Harsco, headquartered in Camp Hill, Pa., manufactures switch and crossing and transit grinders in Fairmont, Minn., and provides switch and crossing grinding services throughout North America. Last year, Harsco had annual sales of approximately \$1.7 billion.

Pandrol, headquartered in the United Kingdom, manufactures switch and crossing and transit grinders at its Ludington, Michigan plant and repairs and services them at its Syracuse, New York plant. In 1998, Pandrol had approximately \$101 million in sales.

As required by the Tunney Act, the proposed consent decree resolving this lawsuit will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, D.C. 20005 (202/307-0924). At the conclusion of the 60-day comment period, the Court may enter the consent decree upon finding that it serves the public interest.

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